

Q3 2013



City of Seal Beach Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2013)

Seal Beach In Brief

Receipts for Seal Beach's July through September sales were 14.0% lower than the same quarter one year ago. Actual sales activity was down 12.8% when reporting aberrations were factored out.

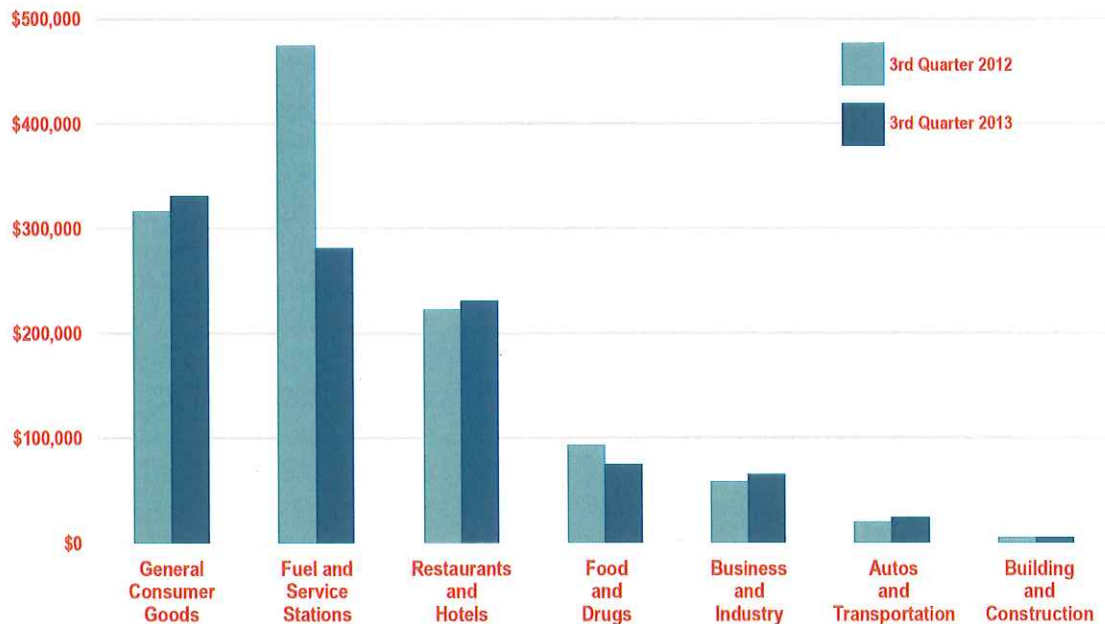
Sales declines from the fuel and service stations group were the primary reason for the city's overall decrease. Food and drugs also posted a loss; however, the results were temporarily depressed by double payments from last year.

Sales activity from general consumer goods was up in multiple categories including, women's apparel, sporting goods, and specialty stores, where the addition of new retailers helped boost receipts. Business and industry experienced strong sales that were lifted, in part, by a new business.

The restaurant group posted an overall increase despite the closure of some eateries. Autos and transportation also generated higher receipts.

Adjusted for aberrations, taxable sales for all of Orange County increased 5.3% over the comparable time period, while the Southern California region as a whole was up 5.3%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS In Alphabetical Order

AT&T Mobility	Marshalls
Bed Bath & Beyond	Old Ranch Country Club
California Pizza Kitchen	Original Parts Group
Chevron	Ralphs
Chevron	Roger Dunn Golf Shop
College Park Mobil	Seal Beach Mobil
Conkle 76	Spghettini
Cosmodyne	Staples
CVS Pharmacy	Target
Energy Tubulars	Toys R Us
Home Goods	Vons
Kohls	Walts Wharf
Leisure World Automotive 76	

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$2,446,032	\$2,023,690
County Pool	240,526	218,052
State Pool	816	1,077
Gross Receipts	\$2,687,374	\$2,242,819
Less Triple Flip*	\$(671,843)	\$(560,705)

*Reimbursed from county compensation fund

Statewide Results

The local share of sales and use tax revenues from the summer sales quarter was temporarily reduced by a state computer glitch that failed to fully fund receipts from sellers of building and construction supplies. Actual sales activity was up 5.8% over last year's comparable quarter after adjusting for this and other aberrations. Overall performance was generally similar throughout most regions of the state.

New and used auto sales and leases again grew at double digit rates and were the primary contributor to the quarter's statewide growth. With on-line sales remaining strong and more businesses reporting due to the state's new out-of-state reporting requirements, countywide pool allocations became the second largest portion of this quarter's overall increase. Recovering building and construction activity was also significant with a 9.7% gain after adjusting for the delayed allocations.

Gains in most other segments were relatively modest while receipts from fuel and service stations declined for the third consecutive quarter.

Local Sales Tax Measures

Ten of twelve proposals for sales tax add-ons were approved in November as voters continued to support funding local services where they have more input and control.

New taxes were approved in Antioch, Corte Madera, Huron, Larkspur, San Anselmo and Scotts Valley. Existing add-ons were either increased or extended in El Monte, Rohnert Park, San Rafael and Stockton.

This brings the total number of city transactions and use tax districts to 135 and countywide districts to 44. Additional measures are expected to appear on local ballots in 2014.

Tax Rebates

Effective January 1, AB 562 (Williams) requires public notice and hearings on economic subsidies exceeding \$100,000. Identification of beneficiaries of the subsidy, the amounts, the beginning and ending dates and promised tax and job benefits are required as are periodic updates.

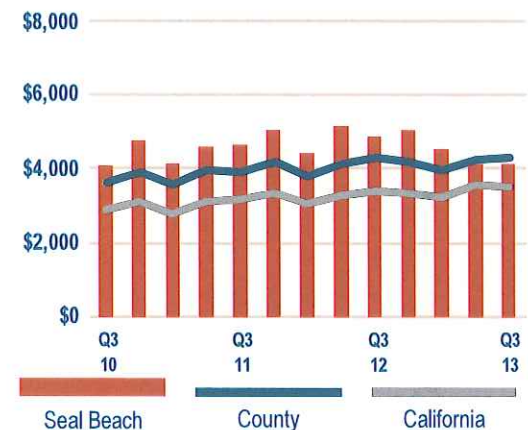
As on-line sales divert a greater portion of tax revenues from business and consumer purchases to centralized fulfillment centers, rebates of up to 85% are being bid in exchange for being the "point of sale" for the remainder. This bill encourages deeper evaluation of agreements that are collectively transferring an alarming share of statewide local sales tax to corporate bottom lines while cutting revenues for public services.

Holiday Sales Tax Shifts

Local tax receipts from fourth quarter sales will not be seen until March but may differ from previous years. Some forecasters predicted that on-

line shopping would account for up to 40% of holiday sales which would transfer that portion of the tax from stores to central fulfillment centers or county allocation pools. Final tax results from holiday spending will be pushed into June based on a National Retail Federation survey that showed 80% of shoppers gave at least one gift card. Tax is not charged until a gift card is redeemed.

SALES PER CAPITA



SEAL BEACH TOP 15 BUSINESS TYPES

<i>*In thousands</i>	Seal Beach		County	HdL State
Business Type	Q3 '13*	Change	Change	Change
Casual Dining	122.0	9.4%	6.6%	4.2%
Department Stores	35.8	-1.1%	2.4%	1.6%
Discount Dept Stores	— CONFIDENTIAL —		-9.7%	-8.2%
Drug Stores	22.2	-7.0%	-3.3%	-0.2%
Drugs/Chemicals	— CONFIDENTIAL —		20.2%	-1.1%
Family Apparel	29.1	2.2%	5.6%	5.7%
Fast-Casual Restaurants	23.5	-6.4%	11.4%	4.7%
Fine Dining	22.4	4.2%	6.6%	10.7%
Grocery Stores Liquor	— CONFIDENTIAL —		-12.2%	-9.7%
Home Furnishings	44.3	-10.5%	11.1%	10.1%
Petroleum Prod/Equipment	— CONFIDENTIAL —		-29.2%	-7.1%
Quick-Service Restaurants	47.7	-2.9%	2.1%	4.0%
Service Stations	112.9	-3.7%	-2.9%	-1.4%
Specialty Stores	39.3	95.3%	7.7%	7.9%
Women's Apparel	33.3	12.7%	4.7%	1.2%
Total All Accounts	\$1,014.1	-14.8%	1.4%	2.5%
County & State Pool Allocation	\$107.0	-6.6%	11.1%	12.5%
Gross Receipts	\$1,121.1	-14.0%	2.2%	3.5%